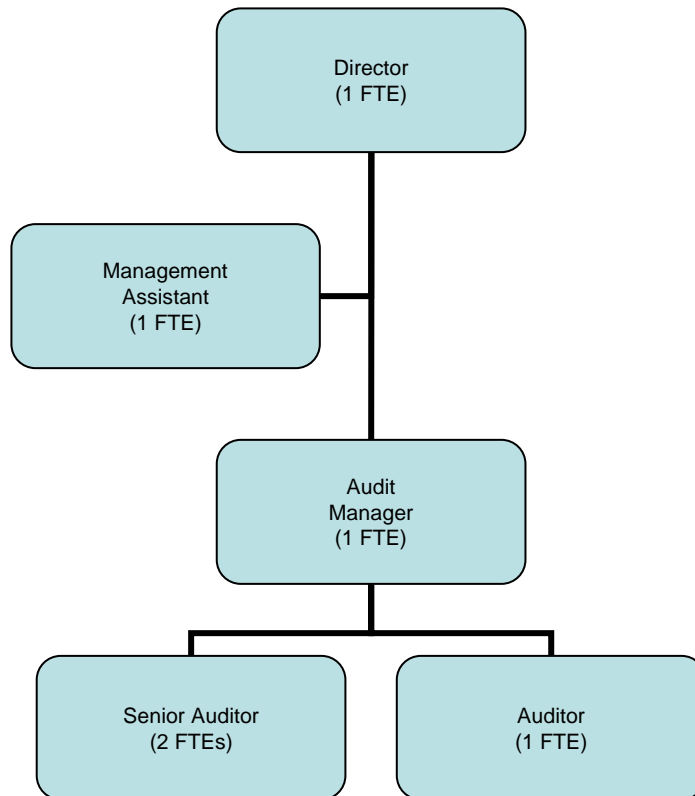




# Department of Audit Services

(6 FTEs)



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## AUDIT SERVICES

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### Mission

To provide independent and objective assurance and consulting services that facilitate decision-making and enhances the efficiency of government services.

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### PROGRAM DESCRIPTION

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#### Audit Services

**\$636,797**

**6 FTEs**

Auditing is an independent appraisal function designed to examine and evaluate activities within the City as a service to management, the Audit Services Oversight Committee, and elected officials. Auditing is a managerial control that measures and evaluates the effectiveness of other controls. External entities are also subject to review to determine whether revenues have been properly remitted to the City and whether grant or pass-through funds are appropriately utilized. The Audit Services Department also conducts financial, compliance, performance, and information systems audits and reviews, and performs investigations and special reviews. The department is responsible for the administration of external audit contracts as well as obtaining an external peer review of its activities.

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### RESOURCE ALLOCATION

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	<b>Actual FY 2005-06</b>	<b>Adopted FY 2006-07</b>	<b>Estimated FY 2006-07</b>	<b>Adopted FY 2007-08</b>	<b>Change</b>
Appropriation					
Personal Services	\$ 437,762	\$ 467,671	\$ 358,411	\$ 478,659	2.3%
Operating	116,086	131,025	122,030	155,138	18.4%
Capital	-	3,000	-	3,000	0.0%
Total Appropriations	\$ 553,848	\$ 601,696	\$ 480,441	\$ 636,797	5.8%
Full Time Equivalents	6	6	6	6	-
Part Time	-	-	-	-	-
Revenues					
Discretionary	\$ 553,848	\$ 601,696	\$ 480,441	\$ 636,797	5.8%
Program	-	-	-	-	-
Total Revenues	\$ 553,848	\$ 601,696	\$ 480,441	\$ 636,797	5.8%

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### BUDGET ISSUES FOR FY 2007-08

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- Increase the number of performance audits during FY 2007-08 resulting in the use of external experts. Audit Services plans for some level of external CPA services, expert consulting, and/or temporary audit staffing in order to respond to special investigations and other audit projects upon the request of the Administration, the Audit Services Oversight Committee, and the City Council.

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### UNFUNDED OR UNDERFUNDED ITEMS

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- None

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### COMPLETED INITIATIVES FOR FY 2006-07

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- Developed and implemented a system to monitor sub-recipient and contractor compliance with audit requirements contained in their agreements and contracts.
- Developed and implemented continuous monitoring for selected processes as a result of implementing ERP.
- Administered the contract regarding the City's new external auditor as the result of changing auditors after the first year in a three year contract.

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**DEPARTMENT INITIATIVES FOR FY 2007-08**

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- Increase the emphasis placed on performance audits by shifting the focus from financial and compliance audits.
- Fully implement a process which will allow staff to participate in mentoring/tutoring programs for City of Durham youth.
- Prepare and present a city-wide training module related to organizational ethics to assist in defining and communicating ethical behavior regarding City financial transactions and relationships with customers, vendors, and employees.
- Continue to develop and implement continuous monitoring for selected processes as a result of implementing ERP.
- Present a training module targeted to City staff accountable for developing, implementing, and monitoring internal controls.
- Evaluate and continue to develop specific training, career development and certification plans for audit staff.

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**GOALS, OBJECTIVES, & STRATEGIES FOR FY 2007-08**

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**GOAL:** *Implementation of the Audit Services Department's Strategic Plan that includes standards set forth by the U.S. General Accounting Office – Yellow Book Audit Standards.*

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**OBJECTIVE:** Effectively communicate audit activities to assist the Audit Services Oversight Committee (ASOC) in fulfilling its oversight responsibilities.

**STRATEGY:** Present an annual audit plan and monthly activity reports to Audit Services Oversight Committee.

<b>MEASURE:</b>	<b>Actual FY 2006</b>	<b>Adopted FY 2007</b>	<b>Estimated FY 2007</b>	<b>Adopted FY 2008</b>
# Activity reports made at meetings of the ASOC	10	10	9	9

**OBJECTIVE:** Maintain and obtain training and certification for staff to meet required professional standards, and to sustain a highly trained professional staff with opportunities for development.

**STRATEGY:** Meet the General Accounting Office's (GAO) Government Auditing Standard (3.6- *Continuing Education Requirements*) that requires each auditor to complete at least 80 hours of continuing education and training which contributes to the auditor's professional proficiency every two years.

<b>MEASURE:</b>	<b>Actual FY 2006</b>	<b>Adopted FY 2007</b>	<b>Estimated FY 2007</b>	<b>Adopted FY 2008</b>
# Continuing education hours completed by audit staff	130	200	160	200

**OBJECTIVE:** Recognize and communicate the need for ethical behavior regarding City financial transactions and relationships with customers, vendors, and employees.

**STRATEGY:** Develop and present city-wide training sessions related to organizational ethics.

<b>MEASURE:</b>	<b>Actual FY 2006</b>	<b>Adopted FY 2007</b>	<b>Estimated FY 2007</b>	<b>Adopted FY 2008</b>
# Employees attending training sessions	30	40	20	30
% Employees benefited based on evaluation forms	93%	80%	90%	90%

**OBJECTIVE:** Provide services that help ensure public resources are used in accordance with established laws and regulations and that government services are provided efficiently.

**STRATEGY:** Complete comprehensive audits or reviews and provide useful recommendations for management.

<b>MEASURE:</b>	<b>Actual FY 2006</b>	<b>Adopted FY 2007</b>	<b>Estimated FY 2007</b>	<b>Adopted FY 2008</b>
# Comprehensive audits or reviews completed	11	11	11	10
% Recommendations accepted by management	100%	95%	100%	95%

**OBJECTIVE:** Recognize that crime prevention is critical for the growth and vitality of all communities.

**STRATEGY:** Develop a system which allows staff to participate in mentoring/tutoring programs for City of Durham youth.

<b>MEASURE:</b>	<b>Actual FY 2006</b>	<b>Adopted FY 2007</b>	<b>Estimated FY 2007</b>	<b>Adopted FY 2008</b>
# Volunteer hours dedicated by staff mentoring/tutoring programs	N/A	120	20	120